

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RIDER AMRP OF THE) CASE NO.
UNION LIGHT, HEAT AND POWER COMPANY) 2004-00098

O R D E R

On March 31, 2004, The Union Light, Heat and Power Company (“UHL&P”)¹ filed its application to revise its Accelerated Mains Replacement Program (“AMRP”) Rider. The AMRP Rider was approved by the Commission in its January 31, 2002 Order in Case No. 2001-00092.² The present application is the third AMRP Rider filing by ULH&P. The AMRP Rider filing covers AMRP activity for calendar year 2003.

In Case No. 2001-00092, the Commission directed ULH&P to submit its AMRP Rider filing on March 31 of each year and stated that we would attempt to complete our review of the filing within 60 days. We noted, however, that because a hearing would be necessary, and the time necessary to review the filing might be extensive, our review might exceed 60 days. In the present application, ULH&P proposed that its AMRP Rider become effective for bills rendered on and after June 1, 2004. On April 23, 2004, the Commission issued a procedural schedule to review the AMRP filing. This schedule

¹ ULH&P, a wholly owned subsidiary of The Cincinnati Gas and Electric Company, is an electric and gas utility that purchases, sells, stores, and transports natural gas in Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton counties in Kentucky.

² Case No. 2001-00092, Adjustment of Gas Rates of The Union Light, Heat and Power Company.

provided for discovery, intervenor testimony, a hearing, and extended the review period up to and including August 31, 2004.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), requested and was granted full intervention. A hearing was held at the Commission’s offices in Frankfort, Kentucky on July 14, 2004, in which ULH&P and the AG participated. The case now stands submitted for a decision.

AMRP RIDER REVENUE REQUIREMENT

In its March 31, 2004 filing, ULH&P determined the revenue requirement for its third AMRP Rider to be \$4,538,780. ULH&P prepared and submitted the formats showing its determination of the revenue requirement in accordance with the Commission’s Order of August 30, 2002 in Case No. 2002-00107.³ ULH&P’s proposed revenue requirement is composed of the AMRP Rider calculations for calendar year 2003. The Commission has reviewed ULH&P’s calculations and finds that the revenue requirement as calculated is reasonable and should be approved for the third AMRP Rider.

ALLOCATION OF REVENUE REQUIREMENT

ULH&P proposed to allocate its proposed \$4,538,780 AMRP Rider revenue requirement using a percentage of revenue approach reflecting the base revenues from Case No. 2001-00092. The AMRP Rider rates for Rate RS – Residential Service and Rate GS – General Service would be a per customer charge. The AMRP Rider rates

³ Case No. 2002-00107, An Adjustment of Rider AMRP of The Union Light, Heat and Power Company. The original annual filing formats were prescribed in the Commission’s January 31, 2002 Order in Case No. 2001-00092. The Commission revised the annual filing formats as part of our decision in the first AMRP Rider proceeding.

for Rate FT-L – Firm Transportation Service and Rate IT – Interruptible Service would be a volumetric charge. ULH&P proposed the same approach in its first two AMRP Rider applications and it is consistent with the Commission’s decision in Case No. 2001-00092.

The Commission finds that ULH&P’s proposed allocation approach is reasonable and should be approved. We further find that the AMRP rates, which are set forth in Appendix A to this Order, are fair, just, and reasonable. As previously directed in Case No. 2002-00107, ULH&P should separately disclose the AMRP Rider on customers’ bills.⁴

OTHER ISSUES

AG Objection

The AG has brought in Franklin Circuit Court actions for review of the Commission’s Orders in Case Nos. 2001-00092, 2002-00107, and 2003-00103,⁵ which authorized the AMRP Rider and established the first and second AMRP Rider revenue requirement and surcharge. In this proceeding, the AG again voiced objections to the lawfulness of the AMRP Rider proceeding. ULH&P and the AG stipulated that, in lieu of submitting written briefs, the parties’ arguments regarding the lawfulness and reasonableness of the AMRP, and the Commission’s authority to approve such charges

⁴ See Case No. 2002-00107, August 30, 2002 Order at 13.

⁵ Case No. 2003-00103, An Adjustment of Rider AMRP of The Union Light, Heat and Power Company.

that were presented in prior AMRP Rider proceedings, should be incorporated by reference into the record of this proceeding.⁶

Having carefully reviewed these arguments, the Commission finds no compelling basis to reverse our prior rulings.

Subject to Refund

The AG has requested that the AMRP Rider continue to be collected subject to refund.⁷ In our Order of October 7, 2002 in Case No. 2002-00107, we required “ULH&P to maintain its records in such a manner that ULH&P, the Commission, or any of ULH&P’s customers will be able to determine the amounts to be refunded and to whom in the event the Court rules that the Commission lacked the requisite authority to approve the AMRP Rider.”⁸ As the outcome of the AG’s actions for review of our Orders remains uncertain, we find that the record-keeping requirement established in the previous AMRP Rider proceeding should continue.

Effective Date

In its March 31, 2004 application, ULH&P proposed that its revised AMRP Rider become effective for bills rendered on and after June 1, 2004. The Commission’s April 23, 2004 Order extended the review period for the third AMRP Rider and suspended the proposed rates until August 31, 2004. In Case No. 2002-00107, the Commission rejected ULH&P’s request to make the first AMRP Rider effective for bills rendered on

⁶ Transcript of Evidence (“T.E.”), July 14, 2004, at 36-37.

⁷ Id.

⁸ See Case No. 2002-00107, October 7, 2002 Order at 2.

and after a specific date.⁹ The Commission has previously found that the AMRP Rider should be effective for service rendered on and after a specific date, and nothing has been presented in this proceeding to alter that finding. Therefore, the Commission finds that the rates found reasonable herein should be effective for service rendered on and after August 30, 2004, as this is the first day of ULH&P's September 2004 revenue month.

IT IS THEREFORE ORDERED that:

1. The AMRP rates proposed by ULH&P and set forth in Appendix A to this Order are approved for service rendered by ULH&P on and after August 30, 2004.
2. ULH&P shall, within 20 days of the date of this Order, file its revised Rider AMRP tariff sheets setting forth the rates approved herein.
3. ULH&P shall continue to maintain its records relating to all AMRP Rider revenues collected, in the same manner as directed in the Commission's Order of October 7, 2002.
4. ULH&P shall separately disclose on customers' bills the AMRP Rider approved herein.

Done at Frankfort, Kentucky, this 24th day of August, 2004.

By the Commission

ATTEST:



Executive Director

⁹ See Case No. 2002-00107, August 30, 2002 Order at 13.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00098 DATED AUGUST 24, 2004

The following rates and charges are prescribed for the customers in the area served by The Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RIDER AMRP ACCELERATED MAIN REPLACEMENT PROGRAM RIDER

Rate RS, Residential Service	\$3.29 / month
Rate GS, General Service	\$14.33 / month
Rate DGS, Distributed Generation Service	\$0.00 / month
Rate FT-L, Firm Transmission Service – Large	\$0.0234 / CCF
Rate IT, Interruptible Transportation Service	\$0.0096 / CCF
Rate SSIT, Spark Spread Interruptible Transportation Service	\$0.0000 / CCF